WORN BY MORE FASHION MINDED MEN AND WOMEN
THAN ANY OTHER CLOTHES IN AMERICA

annual report

YEAR ENDED JULY 31, 1955

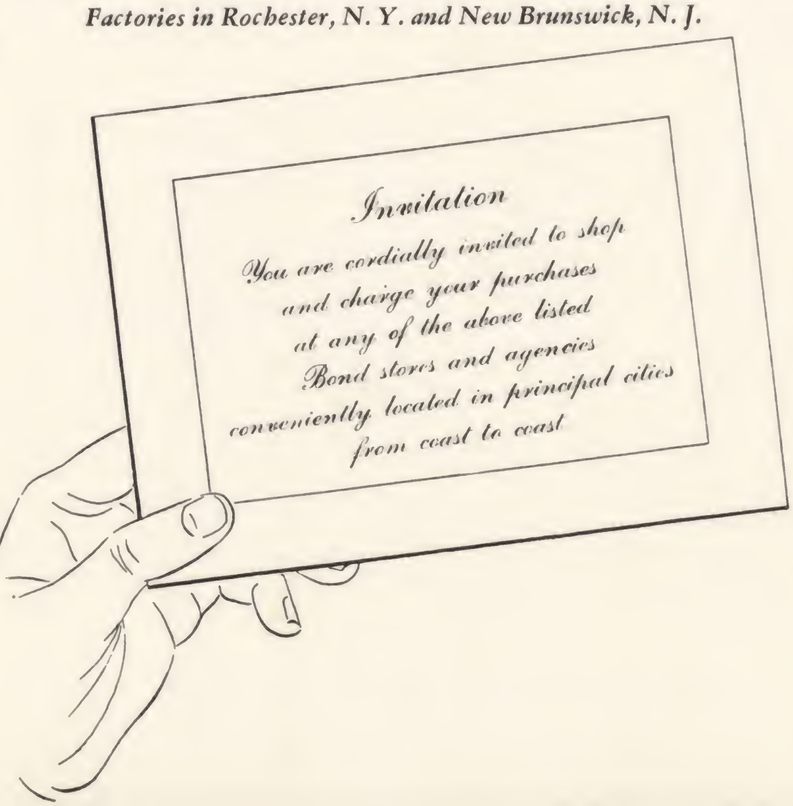
BOND STORES, INCORPORATED

BOND STORES AND AGENCIES ARE LOCATED IN THE FOLLOWING CITIES

*ABILENE, TEXAS
AKRON, OHIO
ALBANY, N. Y.
ALTON, ILL.
*ASBURY PARK, N. J.
*ASHLAND, KY.
BALTIMORE, MD.
*BATON ROUGE, LA.
BIRMINGHAM, ALA.
BOSTON, MASS.
*BRISTOL, PA.
*BROWNWOOD, TEXAS
BUFFALO, N. Y.
*BURLINGTON, VT.
*BUTLER, PA.
*CHARLESTON, W. VA.
CHICAGO, ILL. (8 stores)
CINCINNATI, OHIO
CLAYTON, MO.
*CLEBURNE, TEXAS
CLEVELAND, OHIO
COLUMBUS, OHIO
*CORPUS CHRISTI, TEXAS
DALLAS, TEXAS
DAYTON, OHIO
DES MOINES, IOWA
DETROIT, MICH. (2 stores)
*EASTON, PA.
*ELMIRA, N. Y.
*FAIRLESS HILLS, PA.
FALL RIVER, MASS.
*FARGO, N. D.
FLINT, MICH.
*FORT WAYNE, IND.
FORT WORTH, TEXAS
FRESNO, CALIF.
*GALVESTON, TEXAS
GERMANTOWN, PA.
GLENDALE, CALIF.
*GLENS FALLS, N. Y.
*GLOVERSVILLE, N. Y.
*GRAND ISLAND, NEB.
HARTFORD, CONN.
*HASTINGS, NEB.
*HAZLETON, PA.
HOLLYWOOD, CALIF.
HOUSTON, TEXAS
*HUNTINGTON, W. VA.
HUNTINGTON PARK, CALIF.
*JACKSONVILLE, FLA.
JERSEY CITY, N. J.
KANKAKEE, ILL.
KANSAS CITY, MO.
LAKEWOOD CENTER, CALIF.
*LAWRENCE, MASS.
LINCOLN, NEB.
LORAIN, OHIO
LOS ANGELES, CALIF. (3 stores)
LOUISVILLE, KY.
*LYNCHBURG, VA.
*MANCHESTER, N. H.
MEMPHIS, TENN.
MILWAUKEE, WISC.
MINNEAPOLIS, MINN.
MUSKEGON, MICH.
NEWARK, N. J.
NEW BRUNSWICK, N. J.
NEW HAVEN, CONN.
*NEW LONDON, CONN.
NEW YORK, N. Y. (7 stores)
OAKLAND, CALIF.
OKLAHOMA CITY, OKLA.
OMAHA, NEB.
*PARKERSBURG, W. VA.
PATERSON, N. J.
*PAWTUCKET, R. I.
PHILADELPHIA, PA.
PITTSBURGH, PA.
*PITTSFIELD, MASS.
*PORTLAND, ME.
PROVIDENCE, R. I.
READING, PA.
*RED BANK, N. J.
ROCHESTER, N. Y. (2 stores)
*SALEM, OHIO
SAN FRANCISCO, CALIF.
SAN JOSE, CALIF.
SAVANNAH, GA.
SCHENECTADY, N. Y.
SCRANTON, PA.
*SHREVEPORT, LA.
SPRINGFIELD, ILL.
SPRINGFIELD, MASS.
ST. LOUIS, MO.
*SUPERIOR, WISC.
SYRACUSE, N. Y.
*TEMPLE, TEX.
TOLEDO, OHIO
*TORRINGTON, CONN.
TRENTON, N. J.
*UPPER DARBY, PA.
WASHINGTON, D. C.
*WICHITA FALLS, TEXAS
WILKES-BARRE, PA.
YOUNGSTOWN, OHIO

Factories in Rochester, N. Y. and New Brunswick, N. J.

*AGENCIES



OFFICERS

Barney Ruben	*Chairman of the Board and President*
Irving Cohen	*Vice-President*
James W. Connors	*Vice-President*
Sylvan N. King	*Vice-President*
Irving Moselowitz	*Vice-President*
Louis A. Good	*Vice-President*
Maurie Sanger	*Vice-President*
Louis B. Berman	*Vice-President*
William B. Loftus	*Vice-President*
Ellis H. Schechtman	*Secretary and Treasurer*
Bernard Grossman	*Assistant Secretary*

BOARD OF DIRECTORS

Barney Ruben
Irving Cohen
James W. Connors
Sylvan N. King
Irving Moselowitz
Ellis H. Schechtman
Maurie Sanger
Joseph Klingenstein
Hugo Sonnenschein
Louis A. Good

TRANSFER AGENT
CHASE MANHATTAN BANK
11 Broad Street • New York 5, N. Y.

REGISTRAR
BANKERS TRUST COMPANY
46 Wall Street • New York 5, N. Y.

BOND STORES, INCORPORATED

FIFTH AVENUE AT 35TH STREET

NEW YORK 1, N. Y.

October 27th, 1955

Dear Stockholder:

Herewith is presented for your consideration, a summary of the consolidated results of operations of your Company and its Subsidiaries for the fiscal year ended July 31, 1955 reported upon by the Company's auditors. Prior annual reports through 1953 were on a calendar year basis. In July 1954, following stockholder approval, the fiscal year was changed to a July 31st ending. A Federal Income Tax return was filed for the fiscal seven month period ended July 31, 1954 and a report of operations for such period was presented to stockholders. This report, therefore, is the first for a full fiscal year ending July 31st.

For the purpose of comparison, wherever prior year's performance is referred to, such reference will be for the twelve month period ended July 31, 1954.

SALES:

During the fiscal year ended July 31, 1955, total sales amounted to $85,177,045.51, an increase of 2.33% over sales of $83,234,764.29 for the prior year. In view of the unsettled conditions prevailing in the soft goods industry during that period, such results are considered to be reasonably satisfactory.

EARNINGS:

Despite increased operating costs, substantial nonrecurrent promotional and other expenses in connection with the openings of newly remodeled and relocated stores as well as a new store, and after providing for Company contribution to the Bond Stores, Incorporated Employees' Profit Sharing and Retirement Fund, Federal Income Taxes, and other deductions, net earnings amounted to $3,132,475.62, an increase of $260,435.27, or 9.07% over net earnings for the prior twelve month period. Such net earnings are equal to $1.86 per share compared with $1.70 per share for the previous year.

CURRENT POSITION and DIVIDENDS:

The financial position of your Company continues to be sound. After the distribution of $1,688,383.00 as dividends to shareholders and other disbursements hereinafter referred to, working capital at July 31, 1955 amounted to $35,391,176.14. The ratio of current assets to current liabilities was 6.4 to 1. Book value was $28.10 per share on 1,688,383 shares of Common Stock at the fiscal year end. Such book value was $27.25 per share on July 31, 1954.

STORES:

During September 1954 we completed substantial alterations and modernization of our Akron, Ohio; Birmingham, Alabama; and Baltimore, Maryland stores. Also during September 1954, our Columbus, Ohio store was reopened to the public after complete reconstruction. To insure continuity of operations and retention of public patronage, we occupied temporary quarters nearby for about a year while reconstruction was in progress.

Two new larger and better located replacement stores were opened, one in November 1954 in Newark, New Jersey, and the other in March 1955 in Syracuse, New York.

One additional new store was opened in September 1954 in Minneapolis, Minnesota, and our Flatbush Avenue, Brooklyn store was closed in March 1955 as the result of a fire. We do not plan to reopen this store. Having closed our Boston, Massachusetts store at the end of June 1955, there were 81 stores in operation at the fiscal year end, which is one less than there were on July 31, 1954.

Our capital expenditures for construction and modernization were approximately $600,000.00, the greatest part of which was expended in Columbus, Ohio, where we have a long term low cost net lease and therefore had no basis for requesting owner contribution. In all other cases our expenditures were relatively nominal compared with those of our various landlords.

NEW STORES:

Since the close of the fiscal year we have opened a new replacement store in Boston, Massachusetts. An additional new store was recently opened in Valley Plaza, a Shopping Center in the San Fernando Valley section of North Hollywood, California. During and since the openings the public response has been most gratifying. In addition, we have completed alterations at Crenshaw Boulevard, Los Angeles, enlargement and modernization at Youngstown, Ohio, and enlargement of our Lakewood, California Shopping Center store, this latter store having been opened in 1952.

Before the end of 1955 we expect to open two additional Shopping Center stores, one in Oak Cliff, a development in

suburban Dallas, Texas, and the other in Middleburg Heights, a suburb of Cleveland, Ohio. We presently operate downtown stores in both cities.

In the Spring of 1956 we expect to open a downtown store in Atlanta, Georgia, replacing a store that was closed approximately two years ago after many years of successful operation.

Because of substantial population growth in suburban areas adjacent to major cities, and the desire of suburbanites to shop locally, we have given considerable thought and careful evaluation to Shopping Center locations being offered to us in various parts of the country. Of the literally hundreds of such offerings, we have concluded or are presently conducting negotiations for leases of stores in approximately 15 additional such Centers. These Centers are located in areas suburban to cities where we presently operate stores and where we can benefit from advertising expenditures on a multiple store basis. While we are not pessimistic concerning the future prospects of so called "down-town" stores, we feel that there will be some spread of business to suburban areas. Opening stores in these Centers is expected to insure the continued successful operation of down-town stores because, while spending more advertising dollars, the combined volumes of down-town and suburban area stores should reflect in savings percentage-wise of such advertising costs.

The majority of these stores are scheduled to open in the Spring and Fall of 1956 and the remaining few in Spring 1957.

Lease terms are favorable. Rentals in all cases are on a percentage basis, with several of them providing for current nominal minimum guarantees. The majority of such leases, while making no provisions for current minimum guaranteed rent, contain equitable and favorable formulas for establishing such minimums at a future time, on the basis of performance. Accordingly, the financial risk in connection with such rental arrangements is negligible.

It is not intended that our interest in Shopping Center locations will conflict with our long range program effecting present down-town stores. Continued operation, modernization where required, and possible enlargement will be determined based upon performance in each community where such stores are located.

In view of the number of stores expected to be opened during the current fiscal year, Company capital investment may be somewhat greater than its capital outlay for the prior year. However, because of landlords' entire investments for building and improvements up to movable trade fixtures, together with contributions for such trade fixtures in many instances, the pro rata average investment per store on the part of the Company should be relatively nominal.

During the year, additional representative retail clothing stores were licensed to handle Bond Clothes products exclusively, bringing the total in operation at the fiscal year end to 41. There were 23 such stores in operation as of July 31, 1954. Operations of all licensed stores continue to be satisfactory. Further expansion in this field is contemplated on a conservative basis.

GENERAL:

In order to provide sufficient quantities of raw materials necessary for the manufacture of adequate inventory for new stores expected to be in operation next Spring; to enable us to make earlier and seasonably advantageous deliveries of finished goods to presently operating stores, and to provide for current manufacturing of greater quantities of one trouser suits than heretofore, earlier-than-usual delivery of woolens and other piece goods were contracted for which contributed substantially to fiscal year-end inventory of $22,560,622.34. As of July 31, 1954 such inventory amounted to $21,525,943.77.

While continuing efforts to further develop our nationally recognized dominance in the two trouser suit market, we believe that substantial additional volume can be realized through strong representation and promotional effort directed toward the consumer who prefers a one trouser suit. Such effort is presently under way based upon full attractive stocks of one trouser suits powered by a major advertising campaign in newspapers, on radio, and television. Strong promotion of two trouser suits continues as heretofore.

In order to meet all of these requirements stated above our factories are operating on a full time and in some instances overtime production basis.

Minimum unemployment, maintained high level of disposable income, population growth and required replenishment of consumer apparel inventory are the basis for the opinion that the current year should reflect an improved sales and profit result.

Maintaining our policy of offering outstanding competitive values for fine quality merchandise in current fashions, coupled with our preparation and aggressive planning for generating increased consumer interest in our products are expected to contribute toward such result.

It is appropriate for me to express appreciation and thanks to our entire personnel in our factories, stores and executive offices for their wholehearted and splendid cooperation, and to say that we will continue our efforts to maintain the harmonious relationship that has existed for so many years.

Finally, to our stockholders, suppliers and customers — thank you for your confidence and support.

Respectfully submitted,

Barney Ruben

President

BOND STORES, INCORPORATED A

CONSOLIDATED BALANCE

ASSETS

Current Assets:			
Cash on hand and in banks			$7,476,029.21
Accounts receivable—customers		$11,941,934.84	
Less: Reserve for doubtful accounts		293,611.42	11,648,323.42
Miscellaneous accounts receivable			218,728.08
Merchandise inventories—Note A:			
Woolens, trimmings, etc.		3,813,576.48	
Work in process		1,648,541.56	
Finished goods		17,098,504.30	22,560,622.34
Total Current Assets			41,903,703.05
Miscellaneous Other Assets			382,040.59
Fixed Assets—at cost—Note B:			
Land and buildings	$16,284,027.12		
Less: Reserves for depreciation	3,228,038.73	13,055,988.39	
Machinery, furniture, fixtures and equipment	5,860,945.49		
Less: Reserves for depreciation	2,707,598.05	3,153,347.44	
Alterations, improvements and leaseholds	6,408,659.28		
Less: Reserves for amortization	2,431,412.50	3,977,246.78	20,186,582.61
Deferred Charges:			
Prepaid rent and advances to landlords on improvements to leased properties		1,340,168.20	
Unexpired insurance and other prepaid expenses		698,117.42	2,038,285.62
			$64,510,611.87

This statement is subject to the commen
Report and to the Notes to Financia

ND WHOLLY-OWNED SUBSIDIARIES
SHEET AS AT JULY 31, 1955

LIABILITIES

Current Liabilities:				
Accounts payable				$1,294,244.48
Deposits, due to customers, etc.				652,195.73
Accrued expenses and reserves for taxes other than Federal taxes on income—Note C				3,404,954.33
Reserve for Federal taxes on income—Note C			$3,517,022.15	
Less: United States Treasury Bills - at cost, plus accrued interest			2,990,565.00	526,457.15
Mortgages and mortgage bonds payable—current installments—Note B . . .				634,675.22
Total Current Liabilities				6,512,526.91
Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B .			$11,185,013.31	
Less: Current installments shown above			634,675.22	10,550,338.09
Capital Stock and Surplus:				
	Shares			
Preferred Stock— par value $100.00 per share:				
Authorized to be issued in series as designated by the Board of Directors	100,000			
Retired and cancelled . .	60,000			
Authorized but not designated . . .	40,000			
Common Stock— par value $1.00 per share:				
Authorized	2,500,000			
Issued and outstanding . .	1,688,383		1,688,383.00	
Capital Surplus (no change during the year)		$11,596,135.77		
Earned Surplus—Exhibit B		34,163,228.10	45,759,363.87	47,447,746.87
				$64,510,611.87

ts contained in the accompanying Accountants'
l Statements, which are made a part hereof.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS
FOR THE YEAR ENDED JULY 31, 1955

Sales		$85,177,045.51
Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization—Note D		77,930,005.13
		7,247,040.38
Add:		
Income from owned real estate before depreciation—Note E	$269,974.90	
Profit on sale of subsidiary	52,920.13	
Other income	306,323.97	629,219.00
		7,876,259.38
Deduct:		
Depreciation and amortization	$1,276,840.88	
Adjustments, aggregating $129,742.88, to give effect to changes by the Internal Revenue Service of prior years' depreciation of fixed assets, etc., less applicable reduction of Federal income taxes, including interest, and state taxes aggregating $67,800.00	61,942.88	1,338,783.76
Net income before Federal taxes on income		6,537,475.62
Provision for Federal taxes on income—Note C		3,405,000.00
Net income		3,132,475.62
Earned Surplus as at July 31, 1954		32,719,135.48
		35,851,611.10
Dividends on Common Stock		1,688,383.00
Earned Surplus as at July 31, 1955—Exhibit A		$34,163,228.10

This statement is subject to the comments contained in the accompanying Accountants' Report and to the Notes to Financial Statements, which are made a part hereof.

BOND STORES, INCORPORATED

AND WHOLLY-OWNED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS AS AT JULY 31, 1955

NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.

NOTE B: Land in the amount of $5,916,192.84 and buildings in the amount of $10,367,834.28, totaling $16,284,027.12 consist principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factories owned by Style Manor, Inc., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; property located in Atlanta, Georgia, owned by Bond Stores of Georgia, Inc., a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and a shirt factory located in Meridian, Mississippi, owned by Burnley Shirt Corporation, a wholly-owned subsidiary.

The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,785,013.31, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,879,000.00, payable in quarterly installments to December 17, 1967. The factories located in Rochester, New York, owned by Style Manor, Inc., a wholly-owned subsidiary, are subject to a first mortgage in the amount of $5,311,000.00, payable in quarterly installments to December 15, 1968. The property located in Atlanta, Georgia, owned by Bond Stores of Georgia, Inc., a wholly-owned subsidiary, is subject to a first mortgage note in the amount of $210,000.00, payable on or before December 31, 1955. At each of the said dates the unamortized balance of the respective mortgages becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case, except for property owned by Bond Stores of Georgia, Inc., a lessee of the property, or a substantial part thereof, under long term leases; such leases are assigned as collateral under the mortgages, respectively.

NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined up to and including the year ended December 31, 1950 and all assessments have been paid or provided for.

Claims for additional state taxes for prior years have been asserted but not resolved, in respect of which the Corporation added $500,000.00 to reserves for taxes in the year 1953. The excess of the indicated claims over said reserves amounts to approximately $660,000.00, exclusive of interest, and is being contested by the Corporation.

The accompanying financial statements are subject to final determination of Federal, state and local taxes.

NOTE D: The Employees' Profit Sharing and Retirement Fund Trust Agreement provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its wholly-owned subsidiaries, out of net earnings for the year as defined in the agreement, of 20% of the participating employees' contributions, (3) additional contributions by the Corporation and its wholly-owned subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom $4,000,000.00 plus $1.00 per share for any additional shares which the Corporation may issue after December 31, 1952 excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.

The contributions of the Corporation and its wholly-owned subsidiaries for the year ended July 31, 1955 amounted to $232,271.25.

NOTE E: This item includes intercompany rental on property partly occupied by the parent company.

GENERAL: As at July 31, 1955, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after July 31, 1958 amounts to approximately $2,396,000.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

ACCOUNTANTS' REPORT

To the Board of Directors,
BOND STORES, INCORPORATED, New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at July 31, 1955 and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to final determination of the claim for state taxes referred to in Note C of the notes to financial statements, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at July 31, 1955, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

New York, N. Y.
October 26, 1955

S. D. LEIDESDORF & CO.

BOND CLOTHES

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IN AMERICA